

Take Me to Your Leader!: Supporting CEOs – Hiring, Evaluating, and Compensating

IEG Spring Seminar
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8 a.m.
Ballroom IV

Rich Novak, facilitator

Case 2

The governing board of Hidden Lake City University has decided that it is time for a formal performance review of its president, Bill Smith, who is in the third year of his presidency. At the end of each of the first two years, as was stated in his appointment letter, a brief written review was conducted by the board's executive committee followed by an informal conversation. The president is popular on campus and in the city, and his relationship with the board has been largely positive. Hidden Lake wants to keep its president and ensure his success.

Ms. Jones, the board chair, and the other members of the board all want a formal review, and also want to use the occasion to bring up some new as well as lingering issues:

- Salary tied to performance objectives, including institutional success in private fund-raising.
- The need for a new strategic plan with clearer institutional goals tied to community needs and the statewide public agenda for postsecondary education.
- More productive board meetings and more interesting meeting agendas.
- An opportunity for two members of the board to voice their displeasure to President Smith (yet unknown to him) over his handling of a campus drinking episode and dismissal of an academic dean.

The board members are unsure on how to proceed with the evaluation. They are debating whether to call in an outside evaluator schooled and experienced in such matters, or to conduct the evaluation themselves but in a broader, more formal and inclusive manner than the previous, informal evaluations. Some have suggested that a written self-assessment be requested of the president. The evaluation can take place in executive session, removed from the state sunshine laws.

President Smith looks forward to this more substantive review, in that he wants to discuss several items that he sees as critical to remaining appreciated and effective. These include:

- More visible support from the board on some difficult campus issues he has had to deal with.
- A salary increase to bring him up to his peers in similar state institutions.
- Recognition of the role of his spouse in serving the university.
- A deferred compensation package.
- A six-month sabbatical after seven years.

In addition, the university foundation funds an amount equal to 20 percent of the president's salary plus other benefits and memberships. The foundation board chair, Mr. Cleaver, has made a request to the governing board that he wants to be a formal part of the evaluation process – not just interviewed, but a central player.

Questions for discussion:

1. How should the board conduct the evaluation process?
2. What advice would you give the board before proceeding?
3. What potential mine fields are there for the board and the president?
4. Should the foundation board be a part of the governing board's evaluation of the president? If so, in what manner?